

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C.  
20508

---

USTR Press Releases are available on the USTR home page at [WWW.ustr.gov](http://WWW.ustr.gov).  
They are also available through the USTR Fax Retrieval System at 202-395-4809.

---

FOR IMMEDIATE RELEASE  
Monday, September 9, 1997

97 - 84  
Contact: Jay Ziegler  
Kirsten Powers  
Christine Wilkas  
(202) 395-3230

**Trade Representative Welcomes Appellate Victory in WTO Banana Dispute:  
Sees Broader Benefits for U.S. Trade**

The Office of the U.S. Trade Representative announced that the Appellate Body of the World Trade Organization (WTO) has endorsed the conclusions of a WTO panel finding most features of the EU's banana regime inconsistent with its WTO obligations. The appellate report was released to all WTO Members and the public on Tuesday, September 9.

U.S. Trade Representative Charlene Barshefsky commented, "I am pleased that the Appellate Body has upheld the WTO panel's findings confirming that the European Union's banana regime violates many provisions of the WTO agreements on both goods and services." While upholding the panel's findings of WTO-inconsistency, the Appellate Body also made some refinements in legal interpretation.

Because this case represents the first interpretation by a panel and the WTO Appellate Body of the General Agreement on Trade in Services (GATS), the findings also establish important precedent. The panel's and Appellate Body's findings confirm the broad scope of the coverage of the GATS and will be particularly important in eliminating barriers to U.S. exports in distribution and other service sectors. The case also sets important precedents for agriculture trade in the areas of tariff quotas and import licensing.

The formal WTO dispute settlement procedure was initiated last year at the joint request of Ecuador, Guatemala, Honduras, Mexico and the United States, and the panel report was officially released on May 22, 1997. The Appellate Body is the last avenue of appeal under WTO rules. As WTO rules do not permit losing parties to "block" WTO approval of the results, the Appellate Body and panel reports on bananas will be adopted within a month. Once the findings are approved by the WTO, the United States expects the EU to fully conform its regime to WTO rules.

EU measures found to be inconsistent with WTO rules include:

- the EU's assignment of import licenses for Latin American bananas to French and British companies (whose previous business had been limited to the distribution of European, Caribbean and African bananas), taking away a major part of the banana distribution business U.S. companies had developed over this century;
- the EU's assignment of import licenses for Latin American bananas to European banana ripening firms (which had not historically imported bananas), further taking away U.S. company business;
- the EU's actions imposing more burdensome licensing requirements for imports from the Latin American co-complainants than for other countries' bananas; and
- the EU's discriminatory and trade-distorting allocation of access to its market for bananas, which departed from the fair-share standard of the WTO which focuses on past levels of trade

The panel and the Appellate Body also affirmed that the tariff preferences over Latin American bananas which the EU currently provides to Caribbean banana exporting countries are consistent with the terms of a special WTO waiver the EU obtained for certain trade preferences for its former colonies. "The EU designed its banana regime largely to help EU companies and producers. The United States remains committed to supporting the economies of the Caribbean countries, and we are ready to work with the EU on a reform program that allows these countries to continue their traditional exports to the EU market," said Barshefsky.

The Appellate Body Division that heard this appeal was: James Bacchus, Presiding (United States), Christopher Beeby (New Zealand) and Said El-Naggar (Egypt).